

# Instructions for Automatic Extension for Corporations and Exempt Organizations

1997

3539

## General Information

If a corporation, including real estate investment trusts (REITs), real estate mortgage investment conduits (REMICs), regulated investment companies (RICs) and limited liability companies (LLCs) treated as corporations, or an exempt organization in good standing cannot file its California tax return by the original due date, a seven month extension will be allowed automatically without filing a written request. To qualify for the automatic extension, the corporation's or exempt organization's tax return must be filed by the extended due date. The corporation's powers, rights and privileges must not be suspended or forfeited by the Franchise Tax Board (FTB) or the California Secretary of State (SOS) as of the original due date. The extended due date for corporations is the 15th day of the tenth month following the close of the income year (fiscal year filers) or October 15, 1998 (calendar year filers). The extended due date for exempt organizations filing Form 199 or Form 109 is the 15th day of the twelfth month following the close of the taxable year (fiscal year filers) or December 15, 1998 (calendar year filers).

The extended due date for an employee's trust defined in IRC Section 401(a) and an IRA filing Form 109 is the 15th day of the 11th month after the end of the income year (fiscal year filers) or November 16, 1998 (calendar year filers).

However, to avoid late payment penalties and interest, 100% of the tax liability must be paid by the 15th day of the third month (fiscal year corporations), or the 15th day of the fifth month (fiscal year exempt organizations) following the close of the income year or March 16, 1998 (calendar year corporations), or May 15, 1998 (calendar year exempt organizations). Employees' trusts and IRAs must pay 100% of the tax liability by the 15th day of the 4th month after the end of the income year.

Complete the tax payment worksheet on Side 2 to see if additional tax is due. **Send in the voucher only if a payment is due.**

Save the completed worksheet as a permanent part of the corporation's or exempt organization's tax records along with a copy of the return.

## Electronic Funds Transfer (EFT)

Corporations or exempt organizations that meet certain requirements must remit all of their payments through EFT rather than by paper checks. Corporations or exempt organizations that remit an estimated tax payment or extension payment in excess of \$20,000 or that have a total tax liability in excess of \$80,000 in any income year beginning on or after January 1, 1995, must pay through EFT. The FTB will notify corporations or exempt organizations that are subject to this requirement. If you are an EFT taxpayer, **DO NOT USE THIS FORM**. Those that wish to participate on a voluntary basis may do so. For more information, call 1-800-852-2753 or get FTB Pub. 3817, Electronic Funds Transfer Program Information Guide.

## Where to File

If tax is due and the corporation is not required to use EFT, attach a check or money order for the tax due to form FTB 3539 and **mail only the voucher portion** with the payment to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0551

## Penalties and Interest

Remember, an extension of time to file the tax return is not an extension of time to pay the tax. If the corporation or exempt organization fails to pay its total tax by the original due date, a late payment penalty plus interest will be added to the tax due. If the corporation or exempt organization does not file its return by the extended due date, or the corporation's powers, rights and privileges have been suspended or forfeited by the FTB or the California SOS, as of the original due date, the automatic extension will not apply and a late filing penalty plus interest will be assessed from the original due date of the return.

— DETACH HERE —

(Calendar year corporations — Due March 16, 1998)  
(Employees' trust and IRA — Due April 15, 1998)  
(Calendar year exempt organizations — Due May 15, 1998)

YEAR		Payment Voucher for Automatic Extension for Corporations and Exempt Organizations		CALIFORNIA FORM	
1997				3539	
For calendar year 1997 or fiscal year beginning <u>MM/DD/1997</u> , and ending <u>MM/DD/1997</u> .					
California corporation number		Federal employer identification number		Tax due \$ <u>                    </u> .00	
Corporation/Exempt Organization name					
Address				Type of form filed.	
City				<input type="checkbox"/> Form 100 <input type="checkbox"/> Form 109 <input type="checkbox"/> Form 100S <input type="checkbox"/> Form 199	

IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM  
EFT TAXPAYERS, DO NOT USE THIS FORM

**Payment Voucher 5**

## Combined Reports

If members of a combined unitary group have made or intend to make an election to file a Combined Unitary Group Single Return, only the key corporation designated to file the return should submit form FTB 3539. The key corporation must include payment of at least the minimum franchise tax for each corporation of the combined unitary group that is subject to the franchise tax in California.

If members of a combined unitary group intend to file separate returns with the FTB, each member must submit its own form FTB 3539 if there is an amount entered on line 3 of the worksheet.

## Exempt Organizations

The due dates for corporations also apply to the filing of Form 100, California Franchise or Income Tax Return, by political action committees and exempt homeowners' associations.

Political action committees and exempt homeowners' associations that file Form 100 should **not** enter the minimum franchise tax on line 1 of the Tax Payment Worksheet below.

Form 199 Filers:

Form 199, California Exempt Organization Annual Information Return, requires a \$10 filing fee to be paid with the return on the original or extended due date.

Use form FTB 3539 **only** if paying the fee early. Enter the amount of the fee on line 3 of the Tax Payment Worksheet below.

## How to Complete the Tax Payment Worksheet

- Line 1 -** Enter the total tentative tax, including the alternative minimum tax for the income year.
- If filing Form 100 or Form 100S, the tentative tax may not be less than the minimum franchise tax.
  - If the corporation paid the \$600 commencing tax as a qualified new corporation, but during the first income year gross receipts, less returns and allowances, are \$1 million or more or tax on net income exceeds \$800, the corporation must pay an additional \$200. Include this amount on line 1.
  - If filing Form 109, enter the amount of tax. Form 109 filers are not subject to the minimum franchise tax.

- Line 2 -** Enter the estimated tax payments, including prior year overpayment applied as a credit.

- Line 3 - Tax due.** If the amount on line 2 is more than the amount on line 1, the payments and credits are more than the tax. The corporation or exempt organization has no tax due. **DO NOT SEND THE PAYMENT VOUCHER.** The corporation or exempt organization will automatically qualify for an extension if the tax return is filed by the extended due date. If the amount on line 1 is more than the amount on line 2, then the corporation's or exempt organization's tax is more than its payments and credits. The corporation or exempt organization has tax due.

Subtract line 2 from line 1. Enter this amount on line 3 below and on form FTB 3539.

### TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1	Total tentative tax. Include alternative minimum tax if applicable. See instructions . . . . .	1		
2	Estimated tax payments including prior year overpayment applied as a credit . . . . .	2		
3	<b>Tax Due.</b> If line 2 is more than line 1, see instructions. If line 1 is more than line 2, subtract line 2 from line 1. Enter the result here and on form FTB 3539 . . . . .	3		